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ABSTRACT

In the context of the reauthorization of the federal Temporary Assistance to Needy Families (TANF) block grant, research data about the benefits of resulting programs were synthesized and recommendations were made for changes to current law based on the research. Some of the research findings were that those who leave welfare are not earning enough to achieve long-term sufficiency and that welfare recipients need basic skill development. The research also shows that job training and education get results, as evidenced by outcomes of programs in several states and sectors of the economy. In addition, high school equivalency programs, high school, and higher education all increase earnings and job stability. Recommendations for reauthorization of welfare reform legislation include the following: (1) remove the 12-month limit on vocational education as a countable work activity; (2) eliminate the 30 percent cap on the number of recipients allowed to count education and training activities as work; (3) reward states for strengthening the nation's workforce by investing in training and education; (4) allow states to count parents in postsecondary education toward federal work participation rates; (5) eliminate the 60-month federal lifetime limit for parents participating in postsecondary education; (6) allow states to count participation in bachelor's degree programs as a welfare-to-work activity and homework and study time to count toward weekly work requirements; and (7) encourage programs to inform women of the benefits of nontraditional training and occupations. (Contains 25 references.) (KC)

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Fact Sheet
Revised April 2002

Job Training and Education Fight Poverty

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Job Training and Education Fight Poverty

The current federal welfare law limits the availability of education and training programs. The reauthorization of the federal Temporary Assistance to Needy Families Block Grant offers an opportunity to make job training and education a central focus of welfare. This Fact Sheet is a synthesis of the data about benefits of these programs and makes recommendations on incorporating them into the current law.

Those Who Leave Welfare are not Earning Enough

Job training and education are vitally important to welfare recipients and other low-skilled workers in achieving long-term economic stability. Recent research consistently finds that a majority of "welfare leavers" get jobs with low-wages and no benefits (Loprest 2001; U.S. Department of Health and Human Services 2001; Richer et al. 2001), suggesting that more concerted efforts are needed to help low-wage workers become self-sufficient. Numerous studies show that job training and education increase welfare recipients' ability to achieve long-term self-sufficiency.

Employers Need Skilled Workers

Of all new jobs created between 1999 and 2006, approximately 70 percent will require high skills, under 10 percent minimal skills, and slightly more than 20 percent low skills (Carnevale and Desrochers 1999). One study shows that 70 percent of employers in Atlanta, Boston, Detroit, and Los Angeles require a high school diploma for employment and have hired only 10 percent of those applicants who lack such qualifications (Holzer 1996). Additionally, a 1995 survey conducted by the Opinion Research Corporation revealed that 90 percent of Fortune 1000 executives believe low literacy hurts their company's productivity and profitability. The Department of Labor estimates the cost to productivity to be around $225 billion a year (Reese 1996).

> "...individuals with less than a high school education have the lowest amount of human capital and are at the greatest risk of becoming poor, despite their work effort."
>
> –U.S. Department of Health and Human Services, *Indicators of Welfare Dependence*, 2001

Welfare Recipients Need Basic Skill Development

- According to an Urban Institute study, 66.7 percent (about two-thirds) of welfare recipients scored in the 25th percentile or lower on the Army Forces Qualifying Test, a test measuring basic skills (Olson and Pavetti 1996).
- Seventy-six percent of TANF recipients test in the lowest two levels of literacy, with 35 percent scoring in the lowest level (Levenson et al. 1999).
- Nationally, only 29 percent of welfare recipients who left welfare between 1995 and 1997 lacked a high school diploma, compared to 41 percent of those still receiving TANF (Loprest and Zedlewski 1999).

Research Shows that Job Training and Education Get Results

Many programs have successfully prepared welfare recipients with limited education and skills for jobs with above-average earnings, benefits, and opportunities for advancement. Recent welfare-to-work evaluations by the Manpower Demonstration Research Corporation (MDRC) indicate that the most effective programs utilize a mixed strategy of work-first and training. These studies suggest "that a more individualized approach may be most promising," with careful consideration of the services provided and service referral procedures (Bloom and Michalopoulos 2001).

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The following results were found in programs that either mixed education, training and work-first approaches, or that provided job-specific skills and basic education:

Portland Job Opportunities and Basic Skills (JOBS) program

An MDRC five-year evaluation of the Portland JOBS program, which applied a mixed approach, with a focus on finding "good jobs," found that participants:

- experienced a 21 percent increase in their length of employment, compared to working people in the control group.
- earned an average of $5,000 more over five years than their control group counterparts (Hamilton et al. 2001).

Sector-based training

Sector-based training prepares clients for employment within a specific industry.

- Five different sector-based training programs had these results:
  - 78 percent of jobs obtained provided access to health insurance,
  - 70 percent of participants had access to vacation benefits,
  - 63 percent of participants had access to sick leave, and
  - 54 percent of participants had access to life insurance through their employers.

  The following programs were included in the study: Asian Neighborhood Design in San Francisco; Garment Industry Development Corporation in New York City; Focus:HOPE in Detroit; Jane Addams Resource Corporation in Chicago; Paraprofessional Healthcare Institute in Bronx; and, Project Quest in San Antonio (Zandiapour and Conway 2001).
- Independent evaluators concluded that, although relatively high in cost, Project Quest in San Antonio, Texas, pays off because participants' **earnings are increased by an estimated $9,846 to $14,914 over a two year period** (compared to pre-program earnings). This averages out to more than the amount that the project invests in each student's training (Osterman and Lautsch 1996).

Center for Employment Training (San Jose, CA)

- Nine to 12 months after assignment, MDRC found that program participants worked an average of 16.6 more hours per month and earned 72 cents more per hour than individuals in the control group.
- Participants' earnings increased by $2,000 compared to the control group.
- The program immediately placed participants in job-specific skills training, and conducted job-related basic education. The other, less successful, programs focused on job readiness training "intended to improve participants' motivation, decision-making, and orientation toward employment" (Gueron and Pauly 1991).

Non-Traditional Employment and Training

- According to the U.S. Department of Labor (2000), median weekly earnings for cashiers, retail sales, and hairdressers ranged between $275 and $340, while those for women construction workers and mechanics were $475 and $627 respectively (Negrey et al. 2001).
- A seven-state study of education job training administrators and staff found that low-income women are much more interested in non-traditional training opportunities than is commonly assumed (Negrey et al. 2001).

GED Preparation, High School, and Higher Education Increase Earnings and Job Stability

Census data consistently show that people with higher educational attainment have higher earnings.

- Sixty-seven percent of "low-stability" workers have neither a GED nor a diploma. Yet, approximately 50 percent of "high-stability" workers possess a GED or diploma and 25 percent have gone on to earn college credits (Polit et al. 2001).
- Out of nearly 4,500 working mothers, from a Survey of Income and Program Participation Public (SIPP) sample, IWPR found that graduating from high school increased working mothers' earnings by $1.60 per hour (1997 dollars). In contrast, each year of work experience was worth only seven cents more per hour (Spalter-Roth and Hartmann 1991).
- Many reports show that post-secondary education has positive impacts on earnings and employment stability among low-income students (Strawn and Martinson 2000, Gittell et al. 1996; Gittell et al. 1990). One program, Maine's Parents as Scholars (PaS), demonstrated the success of post-secondary education in improving welfare families' chances for economic security (see table; Deprez and Butler 2002).
- A study using data from the National Longitudinal Survey of the High School Class of 1972, which tracked high school graduates for 14 years following graduation, found that, after controlling for differences in ability and family background, each year of college increased earnings by four to nine percent (Kane and Rouse 1993).
- A college degree is worth an additional $3.65 per

Parents as Scholars Graduates*	National Working Welfare Leavers*
• Earn a median wage of $11.71/hour • 71.4% use employer-sponsored health insurance • 60-65% receive paid vacation and/or sick leave * (Deprez et al. 2002)	• Earn a median wage of $7.15/hour • 23.2% use employer-sponsored health insurance • 33-50% receive paid vacation and/or sick leave * (Richer et al. 2001)

hour (1997 dollars) for working mothers, relative to the wages of high school graduates (Spalter-Roth and Hartmann 1991).

- A 1990 Howard Samuels Center study of welfare recipients, who attended the City University of New York, concluded that 87 percent of the graduates left welfare, 89 percent had been employed since graduation, and almost half the respondents were earning $20,000/year (Gittell et al. 1990).
- The Howard Samuels Center replicated its City University of New York study in five additional states and found that, on average, 42 percent of welfare recipients who graduated from college earned over $20,000 (Gittell et al. 1993).

Welfare Reauthorization Policy Recommendations

Based on research findings, the following policy changes are recommended to ensure that all workers earn enough money to support themselves and their families:

- Remove the 12-month limit on vocational education as a countable work activity to allow individuals the time necessary to complete training and education programs.
- Allow a range of education and training activities—including post-secondary education—to count as work to provide increased options to gain necessary skills.
- Eliminate the 30 percent cap on the number of recipients allowed to count education and training activities as work, so that recipients who need training are not restricted from receiving it.
- Reward states for strengthening the nation's workforce by investing in training and education.
- Allow states to count parents in post-secondary education toward federal work participation rates.
- Stop the clock on the state training time limit and the 60-month federal lifetime limit for parents participating in postsecondary education.
- Give states the option of allowing participation in bachelor's degree programs to count as a welfare-to-work activity.
- Allow homework and study time to count toward weekly work requirements.
- Expand federal funding for individual development accounts in support of postsecondary education for TANF participants.
- Encourage welfare case managers and vocational counselors to utilize the advantages of non-traditional training for women and improve counseling and assessment procedures to better tap low-income women's interest in non-traditional employment or other high-wage opportunities.

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